

Status Report and Project Documentation Requirements

This document is intended to help grantees produce [status reports](#) that can be reviewed and approved easily and allow the grantee to be reimbursed quickly for expenses. The Environmental Science and Services Division (ESSD) encourages all grantees to read these requirements at the beginning of a project and refer to them as needed during the contract period.

Administrative rules developed pursuant to Part 88, Water Pollution and Environmental Protection Act, 1994 PA 451, as amended (NREPA), being both the Clean Michigan Initiative (CMI) Nonpoint Source (NPS) Pollution Control Grants and the CMI Clean Water Fund, allow the Department of Environmental Quality (DEQ) to conduct post-project audits of CMI files. In lieu of auditing each project after the project is completed, the DEQ instead is reviewing documentation from each status report to ensure grantee expenditures are appropriate. **Therefore, all grantees, regardless of funding source, must submit documentation to verify grantee expenditures. This requirement is being applied for all grants awarded from September 2006 on.**

Listed below are the items that make up a status report. An original signed cover letter and all other items below are to be submitted to the DEQ Financial Analyst in Lansing; a copy of all items below are to be submitted to the DEQ Project Administrator (PA). Failure to submit reports to both DEQ staff simultaneously will delay review and reimbursement.

1. Status Reports: Submitted quarterly (or monthly, per the contract)

Status reports are reports submitted to the DEQ to provide an update on the progress of a project. They must consist of:

- ☐ A cover letter, as described below.
- ☐ A detailed narrative status report, as described below.
- ☐ A [financial status report](#), as described below.
- ☐ Products, as defined in the work plan.
- ☐ All implementation projects must submit a completed Best Management Practice (BMP) Cost-Share form for practices charging to the grant or as match.
- ☐ Any other additional information requested by the DEQ PA. For example, the PA may request copies of the status reports submitted to the grantee by the sub-contractor, or additional details on the match generated.

Cover Letter from the grantee to the DEQ PA requesting reimbursement. The letter should be:

- ☐ Dated.
- ☐ Signed by grantee's representative or project manager.
- ☐ Include the quarter or month being reported.
- ☐ Include the amount requested for reimbursement/payment.
- ☐ Include the DEQ tracking code.
- ☐ **Narrative Status Report.** A narrative report is a written summary that helps the DEQ determine whether the grant is proceeding according to the project contract. Narrative information also helps the DEQ share project successes and products. Basic narrative information must include:

- ☐ Project name, grantee name, reporting period, and DEQ tracking code.
- ☐ Accomplishments achieved during the reporting period, by task. Include both grant-funded and matching activities.
- ☐ Enough information to verify what staff charging to the grant did. For example, a grantee might report that Jane, Mike, and Jo collectively spent 27 hours on task 1; the financial form would include the total number of hours, for example, Jane, Mike, and Jo each spent on all tasks. Grantees do not have to submit timesheets unless requested by the DEQ, but **must maintain timesheets in their offices**.
- ☐ For all tasks for which contractual costs were incurred, a sentence or more in the narrative report stating what the contractor did for the project. Contractors should be prepared to provide a breakdown of expenditures upon DEQ request.
- ☐ Any other successes (non-grant-funded or spin-offs from the grant), including non-grant funded BMPs implemented or pollutants reduced, any new partners made, ordinances or other land use tools being developed or that were passed, public involvement that occurred or any information/education activities that were implemented outside of the project.
- ☐ A one-line summary of each product developed during the reporting period.
- ☐ Significant activities planned for the next quarter.
- ☐ Barriers and an explanation of any deviations to the work plan.*

***Note that a request for any proposed changes to any part of a contract must be sent to the DEQ PA and approved by the DEQ PA prior to such changes being implemented.**

- ☐ **Financial Status Report (FSR).** [Financial status reports](#) help the DEQ know if the budget in the project contract is being followed.
 - Once a contract is signed, the DEQ will put your contract budget on the automated FSR spreadsheet. The spreadsheet will be e-mailed to you before your first reporting quarter. If this has not occurred for any reason, please contact your PA. This form will include the original contract budget and tabs for each FSR. Any changes that need to be made to this form will need to be done via the DEQ PA. Any changes to a contract need prior approval by the DEQ PA.

Note: Unless the automated FSR form you are using allows the entry of hours and rates per each staff, grantees must include the hours and rates of pay for each staff person on the cover letter, in the narrative, or by hand writing on a print-out of the automated FSR.

- ☐ Include the **dates covered** and the date submitted. If the submittal is a revision of a previous submittal, write "Revision dated ____" and include the date in the blank.
- ☐ To document the **miles traveled** on the FSR form, simply put down the number of miles traveled. This will be multiplied by the approved mileage rate (in the contract) and include the total. **Grantees** do not have to turn in mileage logs, but **must keep travel logs on file in their office**. Travel logs must be readily available if requested by the DEQ. Travel logs are to include miles traveled, destination, and the purpose of travel.

Travel rates in the grantee's status reports are based on their contract, which is based on the request for proposals package.

- ☐ At the bottom of the form, be sure to include the source of match and its value.
- ☐ Grantees must submit copies of all **invoices** from contractors. Invoices from contractors must include the dollar amount, a one-line sentence explaining the services provided, site name and number, if applicable, and the task the work pertained to.
- ☐ If your organization uses a contractor for work on more than one site, indicate each site and the amount on the invoice.
- ☐ Attach invoices, proof of payment, etc. in the order in which they appear on the financial status report.
- ☐ Grantees must submit **receipts** for any equipment rented or purchased, or any supplies purchased costing over \$100 per item. Note that a list of purchases under \$100 per item is required to be submitted if the total amount on the FSR is greater than \$100.
- ☐ If grantees use a **credit card** for purchasing items, they will need to submit both the receipt from the purchase, followed by a copy of the credit bank statement with purchase information the following reporting period.

☐ **To document match:**

- ☐ If the grantee's organization provided the match, they must state in the narrative what work each matching staff person did and the value of that work. It must be clear that this is match and is different from any grant-funded activity.
- ☐ If match is provided by a contractor other than volunteers, the grantee must submit an invoice or letter from the contractor indicating the work they did and the value of that work. The grantee must indicate which task(s) the contractor worked on. This must clearly state that this is matching time (and not to be paid by the grant). This does not apply to meeting attendance (see below).
- ☐ If match is provide by volunteers, the grantee must submit documentation verifying the number of volunteers, amount of time each volunteer "donated" and the value of each volunteer's time, related to a specific task.

Note: See the DEQ Policy on volunteer rates for match.

- ☐ If match is provided by an organization or agency other than the grantee, a contractor or volunteers, the grantee must submit a letter from the organization/agency verifying the work they did (related to a specific task) and the value of that work. This does not apply to meeting attendance.
- ☐ When meeting attendance is to be used as match, the grantee must submit a sign-in sheet (or table developed from the sign-in sheet), copy of the agenda and/or meeting summary for each meeting. The sign-in sheet (or table from the sign-in sheet) must indicate the hourly value of each person's time, the amount of time each person was at the meeting discussing the grant-related items, and the total value of each person's time. Match earned by meeting attendance is only allowed when the individual(s) are conducting and/or participating in the meeting, such as a technical committee meeting. For most CMI grants (that are funding only implementation activities), the meeting must be necessary for the implementation of the BMPs. In all cases, the meeting must be included in the contract work plan.
- ☐ Indirect costs do not need verification in any form, as these are based on salaries and fringes of staff whose time is being documented, above.

- ☐ **Proof of payment**, is something that details how much the grantee's contractor was paid, when it was paid, and to whom it was paid. Examples of proof of payment are cancelled checks, electronic transfer receipt, or project-specific information from the organization's ledger. This must verify the expenses paid by the grantee.
- ☐ Attach proofs of payment in the order in which they appear on the financial status report.
- ☐ When submitting proof of payment, please make sure that if the check/invoice is reimbursing for other non-grant related projects/purchases, you provide us with a listing of the invoices paid with that check and highlight just those invoices that relate to the grant.
- ☐ For BMPs:
 - ☐ Compile invoices for a particular site; attach an adding machine tape totaling the invoices.
 - ☐ Tape and invoices should indicate site number.
 - ☐ Site number and amounts should be same as [BMP form](#) and in the same order.
- ☐ For all reimbursement contracts (i.e. contracts in which the grantee has the financial ability to reimburse contractors and landowners for work completed under the contract), proof of payment must be submitted with the status report.
- ☐ For all cost-incurred contracts (i.e. contracts in which the grantee does **not** have the financial ability to reimburse contractors and landowners for work completed under the contract), in accordance with ESSD procedure, grantees must submit, with their status report, a copy of an invoice from the contractor or landowner verifying the costs that were incurred. The grantee must then submit in the subsequent status report proof that payment was made to the landowner or contractor (i.e. cancelled check or electronic transfer receipt).

Note: The DEQ has the authority to not pay reimbursement requests if the cancelled check or electronic transfer receipt is not included.

- ☐ Grantees **must** indicate on the proof of payment the tracking code, site name and number, and the task or tasks the payment was for.

Note: To reduce the risk of identity theft, the DEQ recommends that grantees black out (with a black marker or equivalent) items such as bank routing numbers, account numbers, and social security numbers on all relevant portions of the status report.

A note on ineligible costs:

- Unless specifically approved by the NPS Grants Program Manager (i.e., for grantee training), the DEQ will not reimburse CMI grantees for, nor allow as match, conferences or workshops, motel costs, meals, cameras, GPS units, vehicles, computers, or audits. These expenses should not be included in the Financial Status Report.
- Each Request For Proposals (RFP) document specifies eligible expenses.

- ☐ **Copies of products.** All products generated from the project must be sent to the DEQ, **at least one of which must be in electronic format**, and where possible, in a format that can be used by other grantees. Grantees must send one copy of all products to the DEQ PA. In addition, four copies must be submitted to the Financial Analyst in Lansing unless e-copies of such were agreed upon by the DEQ PA.

Note: FSRs, narratives, invoices, and proofs of payment are NOT products and do not require 5 copies. Please only submit 1 copy of the FSR to each of the required staff. Products are specified as such in the work plan.

- ☐ **Completed BMP Cost-Share Form (implementation projects only).** This information documents for the state, the U.S. Environmental Protection Agency (U.S. EPA), the Michigan Legislature, and Congress what practices are being installed in the NPS Program using state and/or federal grant funds. It includes both the BMPs implemented and pollutants reduced. Follow the "[Instructions for BMPs Cost-Share form](#), and the [example of the BMP Form EQP-5846](#)." Although this is not a requirement, it is a good idea to keep a running tally of your BMPs on a separate BMP form throughout the project and submit the final data at the end of the project.
 - ☐ Grantees must maintain in their offices, contracts with landowners and other documentation to substantiate costs.
 - ☐ Before and after photographs of all sites at which BMPs were installed.
 - ☐ **Any other information in the contract**, or that is requested by the PA. For example, the DEQ has the authority to approve all sub-contractors, and may ask for additional information from a sub-contractor if questions arise while reviewing quarterly reports.

2. Other Odds and Ends:

- ☐ **Contractor's Qualifications forms.** For each contractual line item—whether listed under grant funds or matching funds—grantees must submit a [Contractor's Qualifications Form](#). This form describes the qualifications of the person or agency doing the contract work. If contractors are known at the beginning of the project, the form should be submitted with the grant application. If contractors are hired after the project starts, **grantees must submit a Contractor's Qualifications Form(s) to the PA for their approval**. Note that this form does not need to be submitted for volunteer labor or for NRCS engineering support.
- ☐ Changes to a contract: ANY change to a contract (including the budget, timetable, or work plan) must be agreed to by the DEQ PA AND **the appropriate documentation must be submitted and approved before the change can occur**. Grantees must contact the PA to discuss the change. If the PA agrees with the proposed change, they will ask the grantee to submit either a [Notice of Change Letter](#) or an [amendment](#), depending on the change requested.

- ☐ **Updates to status reports:** if any portions of a status report are updated, grantees should indicate at the top of the report "Revision dated ____" and include the date of the revision.

How project close-out will occur:

Once a project has been approved for close-out by the Project Administrator and the Financial Analyst, the DEQ Nonpoint Source staff in Lansing will review the files and database to:

- Ensure the contract requirements were met.
- Review the grantee's project fact sheet to make sure it is consistent with the grantee's final report and any BMP and pollutant load reduction data in the NPS grants database.
- Ensure all BMP data and pollutant load reduction data in the NPS grants database is accurate.

To expedite this process—keeping in mind that the DEQ withholds 10 percent (10%) of the last year of a grant until the close-out occurs--grantees might want to ensure:

- ☐ The DEQ has everything the project contract requires, including all reports, products and a release of claims.
- ☐ The DEQ is sent everything in a neat and orderly package.
- ☐ The Final Report and Fact Sheet are consistent with each other and the project contract and any BMP data.
- ☐ The fact sheet and all other projects are submitted electronically.
- ☐ **A final BMP form** should be filled out for the end of the project to help expedite the close-out process. This is not a requirement of the contract but may reduce back-tracking during project close-out. It is a good idea to keep this running tally throughout the project, and submit the final with your final close-out documentation. The form should include all the BMP data from the status report BMP forms. A compilation is very helpful if multiple sites and BMPs are being installed over the course of a long project.
- It will generally take 2-3 weeks for the DEQ to conduct this close-out. During year-end closing and the first quarter of the calendar year, this process may take longer.

Note that total expenditures are subject to audit, and repayment of any overpayment of the state share will be required if the audit determines that any project costs were not incurred as billed.